

Message Text

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FOR AGRICULTURE, FAS, FCA, MEEKER AND NOVOTNY

FROM: AGRICULTURAL OFFICER

E.O. 11652: N/A

TAGS: EAGR, CH

SUBJECT: PRC OVERFULFILLS 1975 GRAIN HARVEST PROCUREMENT PLAN

REF: (A) HONG KONG 0627, (B) 75 HONG KONG 15282 (C) 75 HONG KONG 2157

(D) 75 HONG KONG 13520, (E) 75 TOFAS 173

BEGIN SUMMARY: PRC'S NATIONAL TARGETS FOR AGRICULTURAL TAX AND GRAIN PURCHASE WERE OVERFULFILLED BY JANUARY 5, 1976, WITH VOLUME OF DELIVERIES EIGHT PERCENT ABOVE SAME DATE YEAR EARLIER. BOTH STATE-AND LOCAL-LEVEL GRAIN RESERVES WERE INCREASED ALONG WITH AN IMPORVEMENT IN COMMUNE MEMBERS' LIVING STANDARDS, ACCORDING TO JAN. 22 NCNA RELEASE.

STOCKS OF ANIMAL FEED IN MOST AREAS WERE INCREASED AS WELL, NCNA REPORTED.

THE CONTENT, SCOPE (18 PROVINCES ACCOUNTING FOR 60 PERCENT OF TOTAL

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GRAIN AREA COMPARED TO LAST YEAR'S 15 PROVINCES WITH 42 PERCENT OF GRAIN

AREA) AND TIMING (ANNOUNCED ONE MONTH EARLIER THAN LAST YEAR) OF PROCUREMENT CLAIM ALL LEND SUPPORT TO AGRICULTURAL OFFICE ESTIMATES (AND OFFICIAL CLAIMS) OF RECORD GRAIN HARVEST IN 1975. OF CONSIDERABLE SIGNIFICANCE WAS NOT ONLY CLAIM THAT GRAIN PRODUCED, DELIVERED AND STORED WAS SUFFICIENT TO PERMIT INCREASE IN LOCAL STOCKS AND AVAILABILITY FOR PEASANT CONSUMPTION, BUT ESPECIALLY THE REPORT THAT INCREASED GRAIN WAS AVAILABLE FOR LIVESTOCK FEEDING. (THIS WAS FIRST TIME IN 15 YEARS OR SO THAT GRAIN AVAILABILITY AND USE IN FEEDING HAS BEEN STRESSED IN THAT MANNER.) END SUMMARY

1. CHINA'S 1975 NATIONAL TARGETS FOR AGRICULTURAL TAX-IN-KIND AND SURPLUS GRAIN PURCHASE WERE OVERFULFILLED BY JANUARY 5, 1976. ACCORDING TO NCNA PEKING RELEASE OF JANUARY 22, WHICH ALSO CLAIMED THAT VOLUME DELIVERED AND STORED GRAIN WAS EIGHT PERCENT ABOVE THAT AS OF SAME DATE (JAN. 5) A YEAR EARLIER.

2. AMONG OTHER HIGHLIGHTS OF NCNA RELEASE WERE FOLLOWING: (A) THE FOUR PROVINCES OF LIAONING (ALSO REPORTED AS BECOMING SELF-SUFFICIENT IN GRAIN IN 1975), HEILUNGKIANG, KIRIN AND SHANTUNG WERE NAMED AS OVERFULFILLING DELIVERY QUOTAS; (B) HOPEH AND HONAN ACHIEVED "NOTEWORTHY RESULTS"; (C) "NOTABLE INCREASES" IN GRAIN SALES WERE REPORTED IN NORTHWEST CHINA (TRADITIONALLY DISASTER-RIDDEN AND LOW-YIELDING); (D) MOST PROVINCES IN EAST, CENTRAL-SOUTH AND SOUTHWEST CHINA REGIONS "DELIVERED MORE GRAIN THAN IN PREVIOUS YEAR"; (E) ALTHOUGH VOLUME OF GRAIN DELIVERED TO STATE INCREASED, "LOCAL COLLECTIVE (AS OPPOSED TO STATE) GRAIN RESERVES WERE AUGMENTED AND COMMUNE MEMBERS' LIVING STANDARDS IMPROVED"; AND (F) "COMMUNES AND BRIGADES IN MOST AREAS INCREASED THEIR STOCKS OF ANIMAL FEED, A FAVORABLE MATERIAL CONDITION FOR EXPANDING ANIMAL HUSBANDRY CENTERED ON HOG RAISING."

3. COMMENT: AGRICULTURAL OFFICE BELIEVES THAT INCREASE IN GRAIN DELIVERIES IN GENERAL INDICATES (REFLECTS) INCREASED GRAIN PRODUCTION. AS SUCH, NCNA JANUARY 22 RELEASE SUPPORTS AGRICULTURAL OFFICE'S EARLIER ASSESSMENT WHICH RESULTED IN AN ESTIMATE THAT PRC'S 1975 GRAIN PRODUCTION HAD INCREASED BY 5.1 PERCENT OVER 1974, AN INCREASE WHICH IS COMPATIBLE WITH CLAIMED 8-PERCENT INCREASE IN 1975 PROCUREMENT. (SEE REFS A AND B.) FOLLOWING COMPARISON OF GRAIN HARVEST LEVELS AND ANNOUNCED PROCUREMENT RESULTS OVER PAST SIX YEARS INDICATES SUCH CORRELATION. (ORDER BY YEAR, HARVEST LEVEL AND DATE OF ANNOUNCEMENT OF OVERFULFILLMENT UNCLASSIFIED

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OF PRC STATE GRAIN PURCHASE PLAN.) 1970--RECORD, JAN. 24, 1971; 1971--RECORD, FEB. 18, 1972; 1972--DECLINE, NO KNOWN ANNOUNCEMENT MADE; 1973--"ABOVE 1971", NO KNOWN ANNOUNCEMENT MADE; 1974--NEW RECORD, FEB. 26, 1975; 1975--RECORD, JAN. 22, 1976. (THAT CORRELATION WAS ALSO POINTED UP IN REPORT ON 1974 GRAIN HARVEST PROCUREMENT, REF C.)

4. ALSO INTERESTING THAT JAN. 22 WAS SECOND TIME NCNA CLAIMED OVERFULFILLMENT OF AGRICULTURAL TAX COLLECTION DURING CURRENT

"GRAIN DELIVERY YEAR" (APRIL 1, 1975 TO MARCH 31, 1976). FIRST CLAIM WAS REPORTED AND ANALYZED IN PRELIMINARY ESTIMATE OF 1975 HARVEST (REF. D), WHICH NOTED OVERFULFILLMENT OF 1975 SUMMER TAX COLLECTION TARGETS AS SUPPORTING CLAIM OF RECORD SUMMER HARVEST. REF D EXPLAINS SIGNIFICANCE OF OVERFULFILLMENT OF AGRICULTURAL TAX COLLECTION PLAN WHICH ASSUMES ADDED SIGNIFICANCE WHEN CLAIMED FOR 1975, A YEAR WITH "ABOVE-AVERAGE" OCCURRENCE OF NATURAL CALAMITIES WHICH APPARENTLY HAD LESS ADVERSE EFFECT ON AREAS WITH IMPROVED IRRIGATION AND DRAINAGE FACILITIES AND OTHER PRODUCTION INPUTS THAN MIGHT HAVE BEEN THAT CASE A FEW YEARS AGO.

5. ALTHOUGH THIS YEAR'S ANNOUNCEMENT NAMED ONLY FOUR PROVINCES AS OVERFULFILLING DELIVERY QUOTAS (AS COMPARED TO LAST YEAR WHEN 15 PROVINCES WERE NAMED), NCNA'S JAN. 22 RELEASE DID IDENTIFY REGIONS IN WHICH INCREASED GRAIN DELIVERIES WERE MADE (SEE PARA. 2 ABOVE). HOWEVER, A PROVINCE-BY-PROVINCE ANALYSIS OF THE RESULTS OF GRAIN PRODUCTION AND DELIVERY PERFORMANCE BETWEEN 1974 AND 1975 SUPPORTS BOTH THE CLAIMED INCREASE IN 1975 GRAIN PROCUREMENT AS WELL AS AGRICULTURAL OFFICE ESTIMATED PERCENTAGE-INCREASE IN 1975 GRAIN PRODUCTION OVER 1974.

6. RESULTS OF THAT ANALYSIS, WHICH PLACES EACH OF CHINA'S 29 PROVINCE-LEVEL UNITS INTO ONE OF FIVE CATEGORIES, EACH WEIGHTED ACCORDING TO ITS SHARE OF TOTAL GRAIN SOWN AREA (TGSA), ARE AS FOLLOWS: (CAT. I) PROVINCES WHICH OVERFULFILLED 1974 QUOTA AND ALSO REPORTED INCREASED PRODUCTION IN 1975--TEN PROVINCES WITH 30 PERCENT OF TGSA; (CAT. II) PROVINCES WHICH DID NOT OVERFULFILL 1974 QUOTA BUT REPORTED INCREASED PRODUCTION IN 1975 BY SPECIFIED PERCENTAGES--EIGHT PROVINCES WITH 30 PERCENT OF TGSA; (CAT. III) PROVINCES WHICH DID NOT OVERFULFILL 1974 QUOTA BUT REPORTED UNSPECIFIED INCREASES IN PRODUCTION--TWO PROVINCES WITH 8 PERCENT OF TGSA; (CAT. IV) PROVINCES WHICH OVERFULFILLED 1974 QUOTA BUT FAILED TO REPORT INCREASED PRODUCTION IN 1975--FIVE PROVINCES WITH 12 PERCENT OF TGSA; AND (CAT. V) PROVINCES WHICH UNCLASSIFIED

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NEITHER OVERFULFILLED 1974 QUOTA NOR REPORTED INCREASED PRODUCTION IN 1975--FOUR PROVINCES WITH 20 PERCENT OF TGSA.

7. ANALYSIS INDICATES THAT 18 PROVINCE-LEVEL UNITS ACCOUNTING FOR APPROXIMATELY 60 PERCENT OF NATIONAL AREA SOWN TO GRAIN PROBABLY OVERFULFILLED TAX AND DELIVERY QUOTAS FOR 1975, COMPARED TO 15 PROVINCE-LEVEL UNITS ACCOUNTING FOR ONLY 42 PERCENT OF TOTAL GRAIN SOWN AREA A YEAR EARLIER. CLAIM OF 8-PERCENT INCREASE IN DELIVERIES FOR 1975 THUS APPEARS CREDIBLE.

8. DATES OF 1974 AND 1975 ANNOUNCEMENTS INDICATE THAT DELIVERY PEAK WAS EARLIER IN 1975 THAN 1974. MAJOR REASONS FOR THAT PERFORMANCE APPEAR TO INCLUDE: (A) "BIG DRIVE TO DELIVER TAX GRAIN AND SELL SURPLUS GRAIN TO THE STATE" WHICH WAS LAUNCHED AFTER 1975 AUTUMN HARVEST, ACCORDING TO JAN. 22 RELEASE; AND (B) TACHAI NATIONAL CONFERENCE OF SEPTEMBER-OCTOBER 1975 (SEE REF E) WHICH PROBABLY PROVIDED MUCH OF DRIVING FORCE IN SPEEDING

UP GRAIN DELIVERIES.

9. CLAIMED 8-PERCENT INCREASE IN GRAIN DELIVERIES APPEARS IN LINE WITH AGRICULTURAL OFFICE'S ESTIMATED 5.1-PERCENT INCREASE IN GRAIN PRODUCTION IN 1975 (REF B) BECAUSE IT IS BELIEVED (AND LOGICALLY SO) THAT THE STATE RECEIVES A LARGER SHARE OF ANY INCREASE IN GRAIN PRODUCTION THAN DO THE PRODUCING UNITS OR INDIVIDUAL PEASANTS. TO PROVIDE BRIEF, LOGICAL ILLUSTRATION: IF STATE DELIVERIES TOOK A ROUGHLY ESTIMATED 30 PERCENT OF CHINA'S TOTAL GRAIN CROP, IT WOULD LEAVE A BALANCE OF 70 PERCENT OF TOTAL CROP FOR USE BY PRODUCING UNITS AND INDIVIDUALS. IF STATE DELIVERIES INCREASED BY 8 PERCENT, AS CLAIMED, AND INCREASED AVAILABILITY TO LOCAL UNITS AND PEASANTS WAS AT LOWER RATE--SAY HALF THAT OF STATE INCREASE (OR 4 PERCENT)--THEN THE DERIVED WEIGHTED RESULTS (.08 X 30 EQUALS WEIGHTED 2.4, AND .04 X 70 EQUALS WEIGHTED 2.8) WOULD INDICATE A 5.2-PERCENT INCREASE IN GRAIN PRODUCTION--AN INCREASE ALMOST IDENTICAL TO THAT ESTIMATED IN REF B.

10. FINALLY--BUT OF GREAT SIGNIFICANCE--NCNA'S REPORT THAT "MOST AREAS INCREASED THEIR STOCKS OF ANIMAL FEED" IS MOST UNUSUAL; I.E., THAT TYPE OF REPORT HAS NOT BEEN SEEN IN MANY YEARS. THE REPORT NOT ONLY INDICATES THAT THE IMPORTANCE OF FEED IN CHINA'S GRAIN DISAPPEARANCE IS TYPICALLY UNNOTICED OR INSUFFICIENTLY RECOGNIZED, BUT IT ALSO STRENGTHENS EARLIER ESTIMATES AND CLAIMS OF RECORD GRAIN CROP IN 1975; I.E., ONLY WHEN GRAIN SUPPLIES ARE MORE THAN SUFFICIENT FOR HUMAN CONSUMPTION COULD CHINA LOGICALLY AFFORD TO EMPHASIZE FEED USE OF GRAIN. MENTION OF NEED FOR GRAIN IN ORDER TO EXPAND LIVESTOCK PRODUCTION UNCLASSIFIED

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"CENTERED ON HOG RAISING" ALSO IMPLIES THAT GREATER ATTENTION WILL BE DEVOTED TO CHINA'S LIVESTOCK SECTRO IN THE NEWLY LAUNCHED FIVE-YEAR PLAN (1976-80) THAN IN PREVIOUS FIVE-YEAR PLANS.

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